

EVENT VIOLATION
INSPECTOR'S STATEMENT
MINERALS REGULATORY PROGRAM

Company/Mine: Drum Slate #2
 Permit #: S/023/072

CO # MC-2006-04-01(1)
 Violation # 1 of 1

SERIOUSNESS

1. What type of event is applicable to the regulation cited? Refer to the DOGM reference list of event below and remember that **the event is NOT the same as the violation.** Mark and explain each event.

- | | | |
|-------------------------------------|----|--|
| <input checked="" type="checkbox"/> | a. | Activity outside the approved permit area. |
| <input type="checkbox"/> | b. | Injury to the public (public safety). |
| <input checked="" type="checkbox"/> | c. | Damage to property. |
| <input checked="" type="checkbox"/> | d. | Conducting activities without appropriate approvals. |
| <input checked="" type="checkbox"/> | e. | Environmental harm. |
| <input type="checkbox"/> | f. | Water pollution. |
| <input checked="" type="checkbox"/> | g. | Loss of reclamation/revegetation potential. |
| <input type="checkbox"/> | h. | Reduced establishment, diverse and effective vegetative cover. |
| <input type="checkbox"/> | i. | No event occurred as a result of the violation. |
| <input type="checkbox"/> | j. | Other. |

Explanation: The mining occurred outside the permit area and in area without valid claims or lease.

2. Has the event or damage occurred? yes
 If yes, describe it. If no, what would cause it to occur and what is the probability of the event(s) occurring? (None, Unlikely, Likely).

Explanation: mining occurred

3. Did any damage occur as a result of the violation? yes
 4. If yes, describe the duration and extent of the damage or impact. How much damage may have occurred if the violation had not been discovered by a DOGM inspector? Describe this potential damage and whether or not it would extend off the disturbed and/or permit area.

Explanation: One acre of disturbance including a road segment, an open pit, and a small waste dump. No soil was saved that I observed. It is reclaimable if the waste dumps are pulled back up into the pit and seeded.

B. DEGREE OF FAULT (Check the statements which apply to the violation and discuss).

- ☐ Was the violation not the fault of the operator (due to vandalism or an act of God), explain. Remember that the permittee is considered responsible for the actions of all persons working on the mine site.

Explanation: _____

- ☒ Was the violation the result of not knowing about DOGM regulations, indifference to DOGM regulations or the result of lack of reasonable care.

Explanation: It was a lack of reasonable care, since mining occurred in the wrong section.

- ☐ If the actual or potential environmental harm or harm to the public should have been evident to a careful operator, describe the situation and what, if anything, the operator did to correct it prior to being cited.

Explanation: _____

- ☐ Was the operator in violation of a specific permit condition?

Explanation: _____

- ☐ Has DOGM cited the violation in the past? If so, give the dates and the type of warning or enforcement action taken.

Explanation: _____

Was any economic benefit gained by the operator for failure to comply? yes
If yes explain.

Explanation: Mining occurred and rock was removed for sale

GOOD FAITH

1. In order to receive good faith for compliance with an NOV or CO, the violation must have been abated before the abatement deadline. If you think this applies, describe how rapid compliance was achieved (give date) and describe the measures the operator took to comply as rapidly as possible.

Explanation: _____

2. Explain whether or not the operator had the necessary resources on site to achieve compliance.

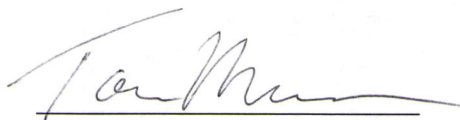
Explanation: The operator felt he could make the changes to the permit to cover this area.

3. Was the submission of plans prior to physical activity required by this NOV / CO? yes If yes, explain.

Explanation: The operator was required to obtain the legal right to enter this section from the BLM.

Tom Munson

Authorized Representative



Signature

January 24, 2006

Date